

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
ARTESIAN WATER COMPANY, INC. FOR)
AUTHORITY TO IMPLEMENT A DSIC RATE) DOCKET NO. 18-1228
EFFECTIVE JANUARY 1, 2019)
PURSUANT TO 26 DEL. C. § 314)
(FILED NOVEMBER 28, 2018))

ORDER NO. 9311

AND NOW, this 20TH day of December 2018, the Public Service Commission of Delaware (the "Commission") determines and Orders the following:

WHEREAS, on November 28, 2018, Artesian Water Company, Inc. ("Artesian") filed an application (the "Application") to reset its "Distribution System Improvement Charge" ("DSIC Rate")¹ pursuant to 26 Del. C. § 314; and

WHEREAS, Artesian seeks to reset the current DSIC Rate from 3.63%, which was approved by Commission Order No. 9239 and became effective on July 1, 2018, to 5.55% with an effective date of January 1, 2019. The requested DSIC Rate is based on net additional plant of \$5,780,277 and an associated semi-annual depreciation expense of \$48,282 placed into service between May 1, 2018 and October 31, 2018; and

WHEREAS, the DSIC Rate includes an adjustment for over-collection plus interest in the amount of \$314,828 that is the result of an error in how Artesian calculated its 2017 pre-tax rate of return that carried over to the DSIC revenues collected during the six month period ending June 30, 2018. In addition, DSIC revenues collected during the period

¹ The DSIC Rate mechanism is described in greater detail in PSC Order #5850 dated December 11, 2001.

February 2018 through June 2018 did not reflect the reduction in federal income tax rates afforded by the Tax Cuts and Jobs Act of 2017 ("TCJA"). As a result, the over-collection adjustment also includes a refund resulting from the lower tax rates provided by the TCJA; and

WHEREAS, The increase in the DSIC rate is expected to result in an increase of the bill of an average Residential customer by approximately \$0.88 per month compared to rates currently in effect; and

WHEREAS, Commission Staff ("Staff") has reviewed the Application and has determined that the requested DSIC Rate does not result in an increase of 5% over the last twelve (12) month period and, therefore, satisfies the requirements of 26 Del. C. § 314(b)(7); and

WHEREAS, Staff recommends that the Commission not specifically approve the requested DSIC Rate, but rather permit the requested DSIC Rate to go into effect on January 1, 2019 on an interim basis subject to Staff's review, audit and an annual reconciliation based upon the 12-month period ending December 31, 2019 (the "Audit"); and

WHEREAS, Staff further recommends that if the Audit reflects that the requested DSIC Rate was improperly calculated, the Commission properly revise the requested DSIC Rate and provide an appropriate remedy for any DSIC charges improperly collected;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. Pursuant to 26 Del. C. § 314, the requested DSIC Rate of 5.55% is allowed to go into effect on January 1, 2019 on an interim basis subject to the Audit and final approval.

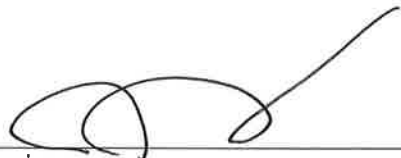
2. Pursuant to 26 Del. C. § 314(b)(1), Artesian shall provide information to its customers concerning the requested DSIC Rate.

3. Pursuant to 26 Del. C. § 314(b)(8), the Commission reserves jurisdiction and authority to conduct the Audit. Artesian is put on notice that it may be obligated to refund or reimburse customers if the Audit determines that the requested DSIC Rate was improperly calculated.

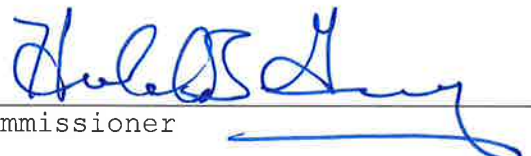
4. Artesian is hereby notified that it will be assessed the costs of this proceeding pursuant to 26 Del. C. § 114(b).

5. The Commission reserves the jurisdiction and authority to enter such further orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:


Chairman



Commissioner


Commissioner


Commissioner


Commissioner

ATTEST:


Secretary

